



05-227

June 14, 2007

TDS Telecom Govt. & Reg.

The Honorable Kevin Martin
Chairman
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Chairman Martin:

On behalf of TDS Telecommunications Corporation, our local communications customers, employees and shareholders nationwide, I write to urge your continued support for an important regulatory matter pending before the Federal Communications Commission (FCC) regarding federal Universal Service policy. Thank you for taking the time to review my correspondence.

As you know, the Federal-State Joint Board on Universal Service recently recommended the Federal Communications Commission (FCC) take immediate action to control unacceptable growth in federal Universal Service Fund disbursements.

In particular, the Joint Board suggested the FCC immediately impose an interim, emergency cap on the amount of high-cost support that competitive eligible telecommunications carriers (CETCs), primarily mid-size wireless providers, may receive for each state, based on the average level of CETC support distributed in that state in 2006.

CETC Universal Service support payments have been growing at an alarming rate of 100% per year since 2002. And, duplicative funding of multiple wireless providers in the same markets is causing huge growth in the fund, upwards of \$1 billion dollars in 2006.

Funding the federal USF comes from fees that consumers pay on their phone bills. At TDS Telecom, we believe that the Joint Board recommendation, if adopted by the FCC, would result in more reasonable USF fees to our customers/your constituents.

Importantly, the Universal Service funding received by traditional landline phone companies (LECs) such as TDS Telecom-- has been capped for more than 10 years. Our company has learned to cut costs and has demonstrated significant efficiencies under the present caps we face while continuing to expand broadband internet access to our customers. Under the proposal submitted by the Joint Board, the CETC money will continue to flow; it just simply will not grow while a long-term solution is developed. Wireless carriers, in the interim, will continue to receive

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funding at the 2006 levels while a solution to the current crisis created by funding them based on ILEC costs is remedied.

Simply put, the wireless industry must join the rest of the local telecommunications industry in taking the first step toward holistic Universal Service reform instead of attempting to get CETC eligibility at the state level quickly before the emergency CETC cap is put in place.

TDS Telecom believes it in the best interest of both wireless and wireline customers of our nation to support the policy goals of the Federal State Joint Board's interim recommendation.

For all the reasons stated above, we respectfully request you continue to publicly express strong support for the Joint Board's proposed interim cap on the CETC portion of the Federal Universal Service fund.

Thank you for your consideration of this important telecommunications public policy issue. If you have any questions or would like additional information, please feel free to contact me directly.

Sincerely,



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cc:

The Honorable Deborah Tate
The Honorable Robert McDowell
The Honorable Michael Copps
The Honorable Jonathan Adelstein